HIGH HOPES, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

AUGUST 31, 2018

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KraftCPAs
PLLC

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
High Hopes, Inc.
Franklin, Tennessee

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of High Hopes, Inc. (the "Organization"), which comprise the statement of financial position as of August 31, 2018, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KraftCPAs PLLC • Certified Public Accountants and Consultants
555 Great Circle Road • Nashville, TN 37228 • phone: 615-242-7351 • fax: 615-782-4271 • kraftcpas.com

OPINION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of High Hopes, Inc. as of August 31, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Kraft CPAs, PLLC

Nashville, Tennessee
January 17, 2019

HIGH HOPES, INC.

STATEMENT OF FINANCIAL POSITION

AUGUST 31, 2018

ASSETS

Cash and cash equivalents	$ 101,613
Accounts receivable, net	240,569
Unconditional promises to give, net	1,232,288
Property and equipment, net	8,509,332
TOTAL ASSETS	$ 10,083,802

LIABILITIES AND NET ASSETS

Line of credit	$ 70,987
Cash collected in advance of tuition revenue earnings	72,549
Accounts payable	85,669
Accrued expenses	61,571
Obligation under capital lease	18,157
Note payable	4,290,993
TOTAL LIABILITIES	4,599,926
NET ASSETS	
Unrestricted	4,213,566
Temporarily restricted	1,270,310
TOTAL NET ASSETS	5,483,876
TOTAL LIABILITIES AND NET ASSETS	$ 10,083,802

See accompanying notes to financial statements.

HIGH HOPES, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED AUGUST 31, 2018

	Unrestricted	Temporarily Restricted	Total
REVENUES AND SUPPORT			
Contributions:			
United Way	$ 13,029	$ 41,793	$ 54,822
Capital campaign	307,568	68,041	375,609
In-kind contributions	174,134	-	174,134
Other	81,678	62,407	144,085
Therapy fees, net	1,580,985	-	1,580,985
Tuition and fees, net	971,995	-	971,995
Special events	357,129	-	357,129
Other income	777	-	777
Net assets released due to satisfaction of restrictions	701,881	(701,881)	-
TOTAL REVENUE AND SUPPORT	4,189,176	(529,640)	3,659,536
EXPENSES:			
Program services:			
Education	1,077,679	-	1,077,679
Therapy	1,814,854	-	1,814,854
Total program services	2,892,533	-	2,892,533
Supporting services:			
Management and general	305,163	-	305,163
Fundraising	251,999	-	251,999
Total supporting services	557,162	-	557,162
TOTAL EXPENSES	3,449,695	-	3,449,695
CHANGE IN NET ASSETS	739,481	(529,640)	209,841
NET ASSETS - BEGINNING OF YEAR	3,474,085	1,799,950	5,274,035
NET ASSTS - END OF YEAR	$ 4,213,566	$ 1,270,310	$ 5,483,876

See accompanying notes to financial statements.

HIGH HOPES, INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	$ 209,841
Adjustments to reconcile change in net assets	
to net cash provided by operating activities:	
Depreciation	103,655
Contributions for capital campaign	(82,350)
Change in discounts on unconditional promises to give	9,772
Provision for doubtful accounts	43,783
(Increase) decrease in:	
Accounts receivable	(50,208)
Unconditional promises to give	(23,608)
Increase (decrease) in:	
Tuition collected in advance of earnings	(4,382)
Accounts payable	25,399
Accrued expenses	(7,750)
NET ADJUSTMENTS	14,311
NET CASH PROVIDED BY OPERATING ACTIVITIES	224,152
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property and equipment	(883,229)
NET CASH USED IN INVESTING ACTIVITIES	(883,229)
CASH FLOWS FROM FINANCING ACTIVITIES	
Collections for capital campaign	586,622
Net borrowings on revolving line of credit	70,987
Payments on capital leases	(2,800)
NET CASH PROVIDED BY FINANCING ACTIVITIES	654,809
NET DECREASE IN CASH	(4,268)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	105,881
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 101,613
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Interest paid	$ 7,949
Interest capitalized	$ 63,432
NONCASH ACTIVITIES	
Building additions paid by construction loan proceeds and accounts payable	$ 3,778,073
Purchase of property and equipment under a capital lease obligation	$ 12,194

See accompanying notes to financial statements.

HIGH HOPES, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED AUGUST 31, 2018

	Program Services			Supporting Services			
	Education	Therapy	Total Program Services	Management and General	Fundraising	Total Support Services	Total Functional Expenses
Salaries	$ 756,763	$ 1,086,133	$ 1,842,896	$ 216,075	$ 110,299	$ 326,374	$ 2,169,270
Payroll taxes	56,623	81,267	137,890	16,167	8,253	24,420	162,310
Employee benefits	36,613	52,548	89,161	10,455	5,336	15,791	104,952
Total salaries and related expenses	849,999	1,219,948	2,069,947	242,697	123,888	366,585	2,436,532
Advertising	5,232	7,509	12,741	1,494	763	2,257	14,998
Contractual services	62,986	213,442	276,428	15,746	-	15,746	292,174
Equipment maintenance	40,500	58,128	98,628	11,564	5,903	17,467	116,095
Insurance	12,744	18,290	31,034	3,639	1,857	5,496	36,530
Interest	4,735	6,796	11,531	1,352	690	2,042	13,573
Occupancy	4,677	6,712	11,389	1,335	682	2,017	13,406
Other	5,103	7,324	12,427	1,457	744	2,201	14,628
Printing and postage	1,762	2,533	4,295	504	258	762	5,057
Professional services	14,870	21,341	36,211	4,245	2,167	6,412	42,623
Special events	-	-	-	-	83,718	83,718	83,718
Capital campaign	-	-	-	-	24,484	24,484	24,484
Supplies	24,361	141,256	165,617	1,330	-	1,330	166,947
Telephone	10,803	15,504	26,307	3,084	1,575	4,659	30,966
Training	-	4,135	4,135	6,391	-	6,391	10,526
Total expenses before depreciation and bad debts	1,037,772	1,722,918	2,760,690	294,838	246,729	541,567	3,302,257
Depreciation	36,161	51,899	88,060	10,325	5,270	15,595	103,655
Bad debts	3,746	40,037	43,783	-	-	-	43,783
TOTAL EXPENSES	$ 1,077,679	$ 1,814,854	$ 2,892,533	$ 305,163	$ 251,999	$ 557,162	$ 3,449,695

See accompanying notes to financial statements.

NOTE 1 - GENERAL

High Hopes, Inc. (the “Organization”) was organized in 1984. The Organization, located in Franklin, Tennessee, is an early intervention preschool and pediatric rehabilitation center which embraces the whole child with tools for learning and skills for life.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements present the financial position and change in net assets of the Organization on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (“GAAP”).

Resources are classified as unrestricted, temporarily restricted, and permanently restricted net assets, based on the existence or absence of donor-imposed restrictions, as follows:

- *Unrestricted net assets* are free of donor-imposed restrictions. All revenues, gains, and losses that are not temporarily or permanently restricted by donors are included in this classification. All expenditures are reported in the unrestricted class of net assets, since the use of restricted contributions in accordance with the donors’ stipulations results in the release of the restriction.

- *Temporarily restricted net assets* are limited as to use by donor-imposed restrictions that expire with the passage of time or that can be satisfied by the use for specific purpose.

- *Permanently restricted net assets* are amounts required by donors to be held in perpetuity, including gifts requiring that the principal be invested and the income or specific portions thereof be used for operations. As of August 31, 2018, the Organization had no permanently restricted assets.

Contributions and Support

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions and Support (Continued)

Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Amounts received that are restricted by the donor for future periods or for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. When a restriction is fulfilled (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted and reported in the Statement of Activities as net assets released from restrictions.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash consists principally of checking account balances.

Accounts Receivable and Revenue Recognition

The Organization reports patient accounts receivable for services rendered at net realizable amounts from third-party payors, patients and others. The Organization has agreements with third-party payors that provide for payments at amounts different from its established rates. In valuing accounts receivables, management estimates contractual discounts from third party payors based on contractual agreements with the payors and fee schedules provided by the payors. Additionally, management estimates an allowance for bad debts based on the age of the account and historical collection experience. It is not the policy of the Organization to place a patient on non-accrual basis. Patient accounts receivable have been adjusted to fair value via an allowance for doubtful accounts. The Organization estimates the allowance for doubtful accounts based on a percentage of aged patient account balances and third-party payor receivables deemed to be uncollectible after all claims submission attempts have been exhausted or upon the expiration of the statutory contract terms with each payor. Accounts determined to be uncollectible are charged off against the allowance in the period of determination. Subsequent recoveries of previously charged off accounts are credited to the allowance in the period received.

The Organization, like other health care providers, may be subject to investigations, regulatory action, lawsuits, and claims arising out of the conduct of its business, including the interpretation of laws and regulations governing the Medicaid program and other third-party payor agreements. At this time, no specific alleged violations, claims, or assessments are pending. Management intends to fully cooperate with any governmental agencies requests for information. Noncompliance with laws and regulations can make the Organization subject to regulatory action, including fines, penalties, and exclusion from the Medicaid program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable and Revenue Recognition (Continued)

Net tuition and other service fees are recorded at the estimated net realizable amounts from families and others for services rendered. An allowance for doubtful accounts is based on management's knowledge of its students, historical loss experience, and economic conditions. Tuition and other service fees are recorded at the Organization's established rates.

Promises to Give

Unconditional promises to give that are expected to be collected within one year are recorded as contributions receivable at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount on those amounts is computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is recognized on the interest method over the term of the gift and included in contribution revenue.

At August 31, 2018, the discount rate was 4.78%. Conditional promises to give are not included as support until such time as the conditions are substantially met.

An allowance for uncollectible contributions is provided based on management's estimate of uncollectible pledges and historical trends. Pledges deemed to be uncollectible are charged off against the allowance in the period of determination.

Property and Equipment

Property and equipment are reported at cost at the date of purchase or at estimated fair value at date of gift to the Organization. The Organization's policy is to capitalize purchases with a cost of $1,000 or more and an estimated useful life greater than one year. Depreciation is calculated by the straight-line method over the estimated useful lives of the assets, which range from three to forty years for property and equipment.

Donated Materials and Services

Donated materials and equipment, if any, are reflected as contributions in the accompanying statements at their estimated values at the date of receipt. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. Additionally, a number of unpaid volunteers have made significant contributions of their time to assist in fund-raising and special projects. However, these services do not meet the requirements above and have not been recorded.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising Costs

Advertising costs, which also include marketing and development, are expensed as incurred. Advertising costs were $14,998 for the year ended August 31, 2018.

Program and Supporting Services

The following program and supporting services are included in the accompanying financial statements:

Program Services

Education - The inclusive preschool at High Hopes offers quality academic programming as well as superior preschool care for children, ages six weeks through Pre-K. With highly qualified teachers in all classrooms, children gain skills in all areas ranging from academic subjects to developmentally-appropriate social skills with an inclusive atmosphere of both typically developing children and those with special needs. Students also learn life lessons of acceptance, tolerance, appreciation, and true friendship.

Therapy - High Hopes' pediatric therapy clinic offers a wide variety of therapeutic services to children and youth, ages six weeks through 21 years, including physical, occupational, speech, feeding, and listening therapies with a focus on early, intensive intervention. A team of highly experienced therapists give each child specialized, one on one care, empowering them to emerge into adulthood with greater skills to become independent citizens in our community. Additionally, High Hopes has implemented a program entitled family support services. It coordinates much needed support and resources for families, caregivers, special needs groups, teachers and therapists in order to better serve the interests of families and children with special needs in Middle Tennessee.

Supporting Services

Management and General - Includes the functions necessary to ensure an adequate working environment and costs not identifiable with a single program. Includes costs associated with providing coordination and articulation of the Organization's program strategy, business management, general record keeping, budgeting and related purposes.

Fundraising - Includes costs of activities directed toward appeals for financial support, including special events. Other activities include the cost of solicitation and creation and distribution of fundraising materials.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Functional Expenses

Expenses that can be directly attributed to a particular function are charged to that function. Certain costs have been allocated among more than one program or activity based on management determined financial and nonfinancial data.

Income Taxes

The Organization qualifies as a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization files a U.S. Federal Form 990 for organizations exempt from income tax.

Management performs an evaluation of all income tax positions taken or expected to be taken in the course of preparing the Organization's income tax returns to determine whether the income tax positions meet a "more likely than not" standard of being sustained under examination by the applicable taxing authorities. Management has performed its evaluation of all income tax positions taken on all open income tax returns and has determined that there were no positions taken that do not meet the "more likely than not" standard. Accordingly, there are no provisions for income taxes, penalties or interest receivable or payable relating to uncertain income tax positions in the accompanying financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Recent Authoritative Accounting Guidance

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers (Topic 606)*, requiring an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard will replace most existing revenue recognition guidance in GAAP when it becomes effective and permits the use of either a full retrospective or retrospective with cumulative effect transition method. In August 2015, the FASB issued ASU 2015-14 which defers the effective date of ASU 2014-09 one year making it effective for annual reporting periods beginning after December 15, 2018. Management is currently assessing the impact that the adoption of the ASU will have on the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recent Authoritative Accounting Guidance (Continued)

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The adoption of this guidance is not expected to have a material impact on the financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities,* which affects all nonprofit organizations. The ASU significantly changes how not-for-profit organizations present net assets on the face of the financial statements, as well as requiring additional disclosures for expenses by nature and function and for the liquidity and availability of resources. The ASU is effective for annual financial statements for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018. Early adoption is permitted. High Hopes, Inc. expects to adopt the provisions of the ASU in the financial statements for the fiscal year ending August 31, 2019. Management is currently assessing the impact that the adoption of the ASU will have on the financial statements.

Events Occurring After Reporting Date

The Organization has evaluated events and transactions that occurred between August 31, 2018 and January 17, 2019, which is the date that the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

NOTE 3 - CONCENTRATION OF CREDIT RISK

Financial instruments that potentially subject the Organization to concentrations of credit risk consist of cash, promises to give and patients accounts receivable. The Organization grants credit without collateral to its patients, most of who are insured under third-party payor arrangements.

Cash Deposits

The Organization maintains cash balances at financial institutions whose accounts are insured by the Federal Deposit Insurance Corporation (“FDIC”) up to statutory limits. The Organization’s cash balances may, at times, exceed statutory limits. The Organization has not experienced any losses in such accounts and management considers this to be a normal business risk.

NOTE 3 - CONCENTRATION OF CREDIT RISK (CONTINUED)

Promises to Give

Promises to give from three donors amounted to 72% of the total promises to give at August 31, 2018.

Payor Mix of Patient Accounts

Concentration of credit risk with respect to accounts receivable is mitigated by the diversity of the Organization's payors. The following table summarizes the approximate percent of gross patient accounts receivable from all payors:

Commercial	72.83%
Medicaid	10.53%
Self pay	3.47%
Other	13.17%
	100.00%

The patient service revenue payor mix for the year ended August 31, 2018 is as follows:

Commercial	73.33%
Medicaid	16.12%
Self pay	2.73%
Other	7.82%
Total	100.00%

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable are from families and third-party payers and are reported net of estimated contractual adjustments and allowances for bad debts. Third-party payers consist primarily of commercial insurance carriers. Accounts receivable consisted of the following at August 31, 2018:

Tuition	$ 1,070
Therapy services	444,893
	445,963
Less: allowance for contractual adjustments	(169,876)
Less: allowance for doubtful accounts	(35,518)
	$ 240,569

NOTE 5 - PROMISES TO GIVE

Promises to give consisted of the following at August 31, 2018:

Due in less than one year	$ 449,614
Due in one to five years	929,976
	1,379,590
Less: allowance for doubtful accounts	(11,000)
Less: discount to present value	(136,302)
	$ 1,232,288

NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at August 31, 2018:

Land	$ 1,066,222
Buildings	3,014,176
Furniture and fixtures	167,353
Computer and software	41,605
Equipment	17,205
Capital leases	24,666
Construction in progress	4,685,391
	9,016,618
Less: accumulated depreciation	(507,286)
	$ 8,509,332

As of August 31, 2018, commitments to complete construction in progress are approximately $880,000 and the project was completed in the first quarter of fiscal year 2019. In relation to the construction in progress, there is $63,432 of capitalized interest as of August 31, 2018.

NOTE 7 - LINE OF CREDIT

In 2018, the Organization had a line of credit with a financial institution. This line of credit bears interest at the lender's base commercial rate (5.00% at August 31, 2018). The line of credit is collateralized by substantially all assets of the Organization. The maximum availability under this line of credit is $300,000. At August 31, 2018, $70,987 was drawn on the line of credit. Any amounts drawn on this line of credit plus unpaid interest are due and payable on February 10, 2019. Accrued and unpaid interest is due and payable monthly.

NOTE 8 - NOTE PAYABLE

In 2017, the Organization obtained a construction loan related to the construction of additional classroom and therapy treatment space with a maximum borrowing availability of $4,975,000. Interest-only payments, computed based on the amount drawn on the construction loan at a fixed annual interest rate of 4.78%, began on September 3, 2017. In December 2017, the loan document was amended to increase the maximum borrowing rate to $5,500,000. Thirty-six interest-only payments, computed based on the amount drawn on the construction loan at a fixed annual interest rate of 4.78%, began on January 3, 2018. After thirty-six interest-only payments, a principal payment will be made to reduce the outstanding balance to $2,000,000. Then, forty-eight monthly consecutive principal and interest payments will begin on December 3, 2020. This note matures on December 3, 2024, at which time the remaining unpaid principal balance and accrued interest will be due. The amount drawn on the construction loan at August 31, 2018 is $4,290,993.

The construction loan payable is collateralized by a deed of trust on the Organization's real property.

Future maturities of long-term debt based on the outstanding balance at August 31, 2018 are as follows:

Year ending August 31,	
2021	$ 2,331,601
2022	43,941
2023	46,088
Thereafter	1,869,363
	$ 4,290,993

NOTE 9 - CAPITAL LEASES

The Organization has capital leases for certain office equipment. The related assets were included in the accompanying statement of financial position under property and equipment. Depreciation of the assets under capital leases is included in depreciation expense.

NOTE 9 - CAPITAL LEASES (CONTINUED)

Future minimum lease payments on the non-cancelable capital leases are as follows:

Year ending August 31,	
2019	$ 4,961
2020	4,032
2021	4,032
2022	4,032
2023	2,646
Thereafter	277
Total minimum lease payments payable	19,980
Less: amount representing interest	(1,823)
Present value of net minimum lease payments	$ 18,157

NOTE 10 - TUITION AND FEES

Tuition and fees consisted of the following for the year ended August 31, 2018:

Tuition and fees	$ 1,000,169
Less: financial aid	(28,174)
	$ 971,995

NOTE 11 - EMPLOYEE BENEFITS

The Organization offers medical, dental, vision and supplemental insurance plans to all eligible full-time employees. The costs of these plans to the Organization for the year ended August 31, 2018 was $91,202.

The Organization offers a defined contribution 401(k) plan, the High Hopes, Inc. 401 (k) Plan (the “Plan”) to eligible employees. Eligible employees may elect to contribute a portion of their compensation to the Plan up to the maximum amount as described in Section 414 of the Internal Revenue Code. The Organization may make discretionary employer contributions, as determined by the Board of Directors. In 2018, the Organization did not make any discretionary employer contributions to the Plan.

NOTE 12 - NET ASSETS

Temporarily restricted net assets consisted of the following at August 31, 2018:

Multi-year contributions, net	$ 1,219,308
Scholarships	24,837
Therapy grants	16,215
Fund development	9,950
	$ 1,270,310

NOTE 13 - RELATED PARTIES

In the ordinary course of business, board members may make substantial promises to give to the Organization in support of its mission. During 2018, the Organization received support from board members totaling approximately $57,000. Additionally, the Organization had outstanding promises to give from board members totaling approximately $1,140,000 as of August 31, 2018.